

(UNCLASSIFIED)

## INFORMATION PAPER

DASA-FOA  
6 April 2010

**SUBJECT:** Financial Improvement and Audit Readiness

1. Purpose: To provide information on the Army Financial Improvement Program (FIP)

2. The DoD Financial Improvement and Audit Readiness (FIAR) Plan identifies corrective actions, schedule, systems and accountable organizations responsible for correcting conditions preventing the Department from receiving an unqualified audit opinion in compliance with the Chief Financial Officer (CFO) Act of 1990 and NDAA 2010. The Army Financial Improvement Program is the basis for the Army portion of the DoD FIAR Plan. The FIP is web-enabled and updated by the 22 organizations responsible for completing the 2,000+ tasks to bring business processes to a standard that meets or exceeds audit standards. These tasks are summarized in 24 material weaknesses reported in the Army's Annual Statement of Assurance on management controls. The milestone date to assert audit readiness for Army financial statements is 2017. The overall goal of financial improvement is to:

- *Provide timely, reliable, accurate and relevant financial information to decision makers.*
- *Sustain improvements through an effective internal control program.*
- *Produce auditable financial statements.*

NDAA 2010 requires DoD to report, biannually to Congress, in May and November, its progress on achieving auditability. The first report is due in May, 2010.

3. Completion of financial and logistics systems modernization programs, reconciliations providing auditable accountability of all Army assets, compliant estimation of environmental and other liabilities, and correction of all material weaknesses is necessary for audit assertion. There are three financial and logistics Enterprise Resource Planning (ERP) systems in differing stages of deployment; they include the General Fund Enterprise Business System (GFEBS), the Logistics Modernization Program (LMP), and the Global Combat Support System-Army (GCSS-A). Full operational capability for each system is expected in January, 2012 for GFEBS; October 2010 for LMP; and January, 2014 for GCSS-A.

4. Oversight for completion of the Army Financial Improvement Program rests with the Army Audit Committee Executives (ACE) chaired by the DASA-FO and includes senior leaders from 19 agencies/staff organizations. Army representation in DoD's oversight of the FIAR Plan includes the Army CMO and ASA(FM&C) in the DoD FIAR Governance Board and representation in all subordinate levels of Committees, Subcommittees, and working groups at OSD.

5. USD(C) and the Army CMO have identified two tasks as the highest priority: Auditability of the Statement of Budgetary Resources (SBR) and assertion of existence and completeness of critical military assets.

6. Discovery and Evaluation efforts commenced 1 March 2010. Field work in FY10 marks a significant step forward in achieving audit readiness. The SBR audit readiness assertion date is October, 2014 with limited assertions in October, 2012 and October, 2013.

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